



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JUNE 12, 2001

House Committee Approves Grants For Rail Improvement. On May 15, the House Transportation and Infrastructure Committee approved legislation that would provide up to \$350 million annually in grants over the next 3 years to Class II railroads (those with revenues between \$20.7 and \$258.4 million, based on 1999 revenues) and Class III railroads (those with revenues less than \$20.7 million) for freight railroad track improvements. The proposed bill (H.R. 1020) would provide up to 80 percent Federal cost sharing for projects to upgrade roadbeds, tracks, and bridges to accommodate 286,000-pound railcars. Due to the inability of smaller railroads to finance track upgrades to handle the heavier railcars and the threat that the heavier railcars pose to the preservation of rural rail service, particularly in major agricultural production regions, USDA has closely monitored the situation. The proposed bill also allows Class II and Class III railroads to use the grant funds to pay the risk premium required to obtain Rail Rehabilitation and Improvement Financing (RRIF) loans.

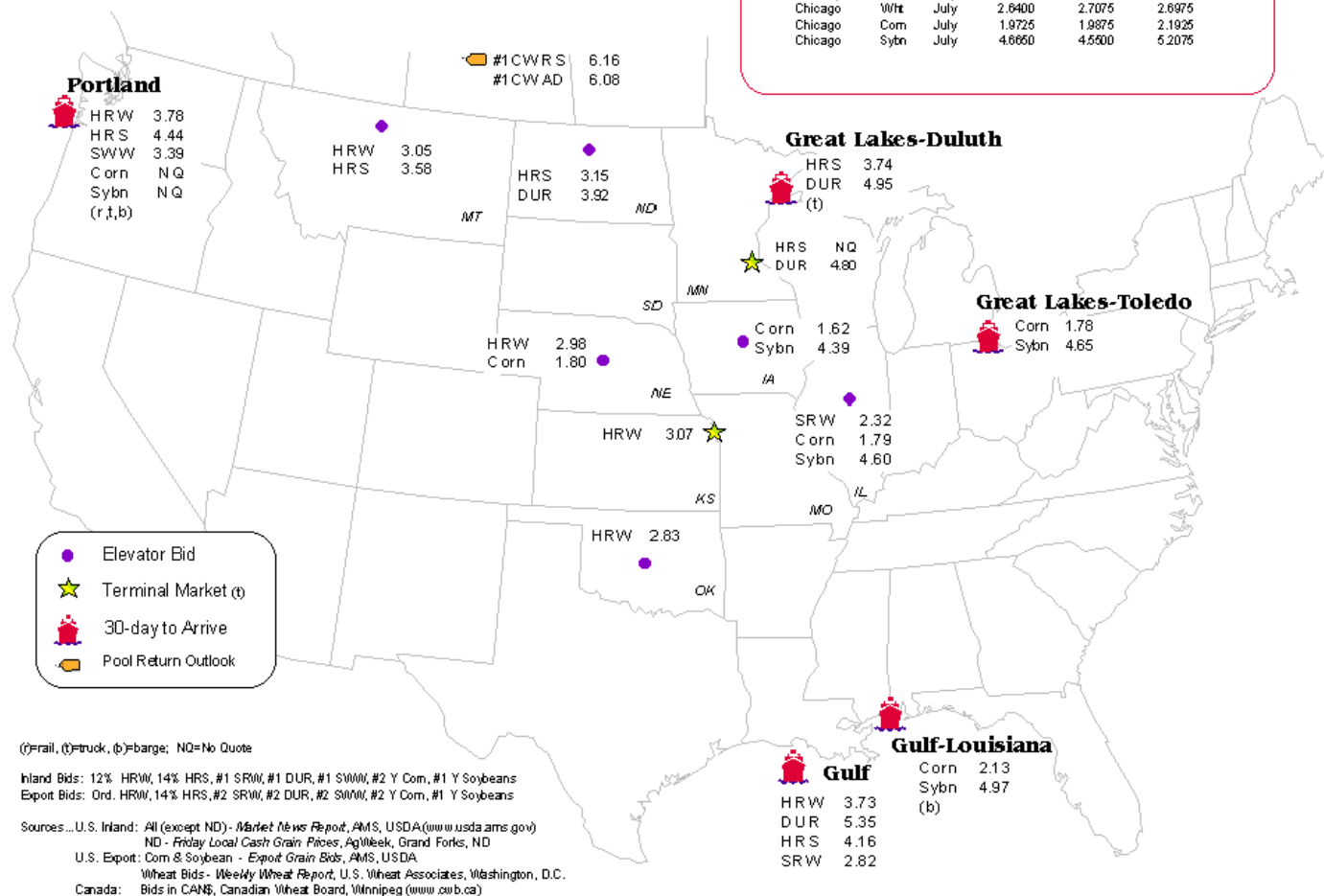
The RRIF loan program is part of the Transportation Equity Act for the 21st Century (TEA-21 Act). Enacted in June 1998, TEA-21 authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 6-year period, 1998-2003. The RRIF program sets aside \$3.5 billion in loans for railroad projects, \$1 billion of which is reserved for small railroads. However, smaller railroads have experienced difficulties in obtaining RRIF funds due to requirements to pay a risk premium up front and to provide 100 percent collateral. USDA opposed these requirements due to their indirect effects on agricultural producers (USDA, Marketing and Transportation Analysis, Marvin Prater, Marvin.Prater@usda.gov, 5/30, <http://www.fhwa.dot.gov/tea21>).

Railroads Appeal STB Decision On Rate Appeals. Railroads have filed a third appeal to a 1998 Surface Transportation Board (STB) decision to disregard evidence of product and geographic competition in rate appeal cases. Prior to the decision, shippers had to prove that competition from other products (product competition) or the availability of the product from another source (geographic competition) was insufficient to constrain railroad pricing. The U.S. Court of Appeals for the Washington, D.C. Circuit rejected an assertion from the Association of American Railroads that the law expressly requires the STB to consider product and geographic competition. However, the court instructed the STB to review its order in light of the congressional Rail Transportation Policy, which instructs the agency to give maximum consideration to marketplace forces, one of 15 goals contained in the policy. The STB responded that its decision eliminating the consideration of product and geographic competition was reasonable when considering all 15 goals of the Rail Transportation Policy. USDA supports the elimination of the consideration of product and geographic competition in rate cases. (USDA, Marketing and Transportation Analysis, Marvin.Prater@usda.gov, 6/6)

STB Ends Merger Moratorium. The Surface Transportation Board recently ended its 15-month moratorium for major railroad mergers. The moratorium was initially imposed following service-related problems of past rail mergers, as well as in response to numerous comments opposing further mergers. The moratorium, announced by Board Chairman, Linda Morgan, on March 17, 2000, was focused on mergers between major Class I railroads (those with operating revenue of at least \$258.5 million, based on 1999 revenues). Prior to the moratorium, the Burlington Northern Santa Fe (BNSF) and Canadian National (CN) railway systems intended to seek STB approval in allowing the two systems to merge. In its March 2000 press release, the STB stated that "merger implementation has not typically gone smoothly, and indeed the railroad industry and the shipping public have not yet fully recovered from the service disruptions associated with the previous round of merger." The STB also expressed concern that a BNSF/CN merger would "more than likely" cause additional "responsive" mergers among the other Class I railroads. Also a concern of USDA, this could potentially disrupt the competitive nature of the industry and be detrimental to grain shippers and producers and others dependent upon rail transportation.

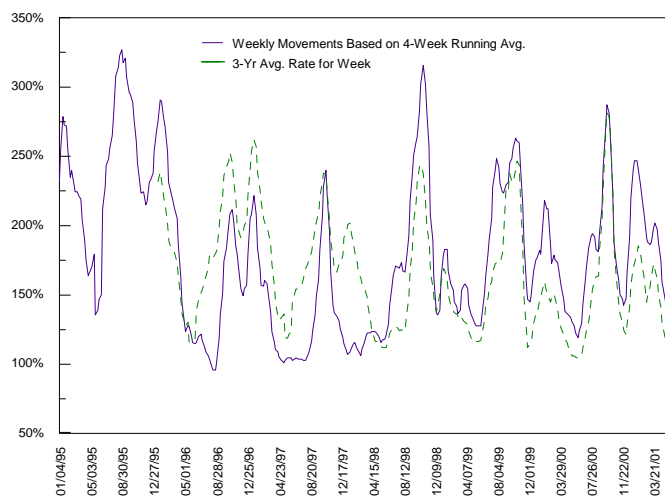
The Board's most recent rules, announced June 11, will substantially increase the burden on rail merger and consolidation applicants to demonstrate that a proposed transaction would be in the public interest. They will also require merger applicants to demonstrate that, among other things, a proposed transaction would enhance competition where necessary to offset negative effects of the transaction, such as competitive harm, and to address fully the impact of the transaction on service, including plans for service reliability. The rules will influence the competitive structure of rail transportation, affecting its availability, cost, and terms to agricultural shippers. Due to the importance of this issue to its agricultural constituents, USDA has filed comments before the STB on three occasions. USDA will analyze the effects the new rules are likely to have on agricultural shippers, producers, and communities (USDA, Marketing and Transportation Analysis, Marvin.Prater@usda.gov, 6/6, Surface Transportation Board, <http://www.stb.dot.gov/> 3/17/00, 6/11/01)

Grain Bid Summary

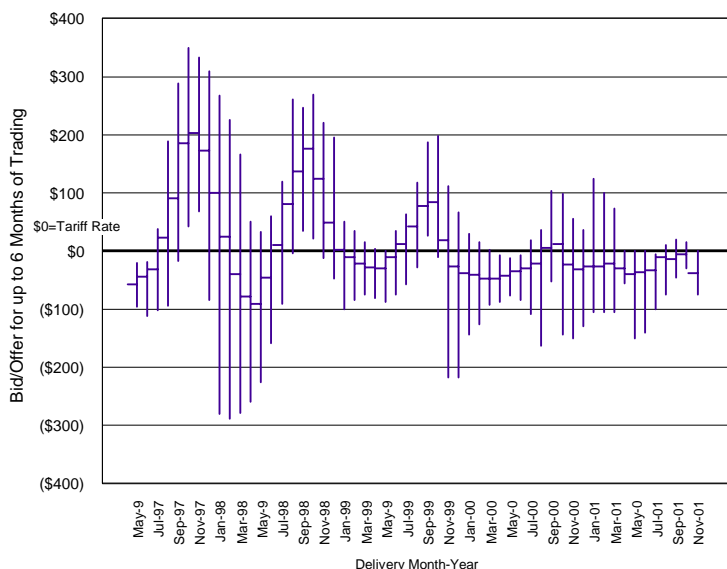


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Jun-01		Aug-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	6%	12,286	26%
UP-GCAS	5,400	0%	5,400	1%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jun-01	Jul-01	Aug-01	Sep-01
BNSF-GF	\$5	\$(1)	\$5	\$20
UP-Pool	\$(5)	\$(17)	\$(15)	\$(12)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jul-01	Aug-01	Sep-01
COT/N. Grain	no bid	\$1	\$1
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no offer	no offer
GCAS/Region 4	no bid	no offer	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

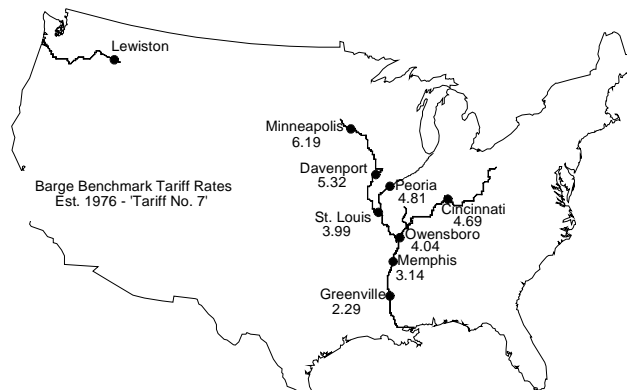
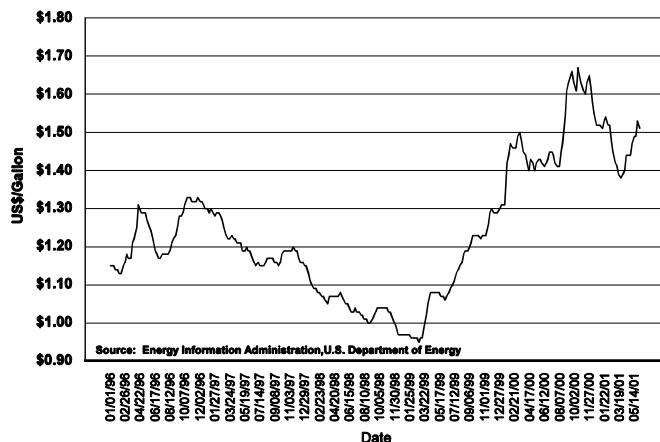
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
06/12/01	St. Louis	Jul	140	145
		Sept	204	215
		Nov	160	175
		Jan	133	0
		Mar	140	0
	Illinois River	Jul	183	188
		Sept	235	240
		Nov	190	193
		Jan	0	0
		Mar	0	0

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	6/6/01	5/30/01	July '01	Sept '01
Twin Cities	204	208	221	264
Mid-Mississippi	186	173	185	243
Illinois River	161	164	172	238
St. Louis	141	126	151	215
Lower Ohio	123	128	150	230
Cairo-Memphis	122	120	138	203

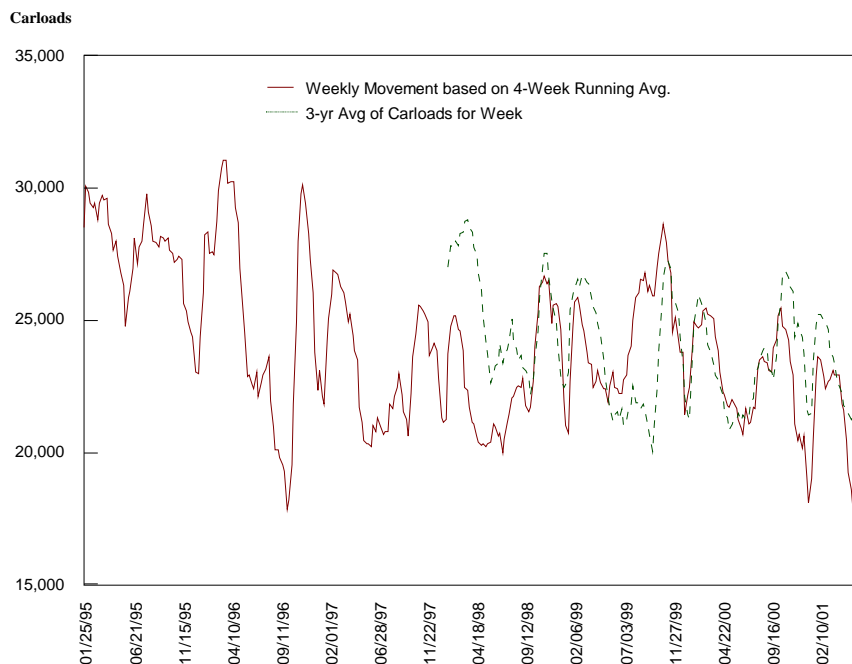
Source: Transportation & Marketing /AMS/USDA
nq=no quote;

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
5/19/01	18,161
5/26/01	18,043
6/2/01	17,599
Year to Date - 2001	466,344
Year to Date - 2000	520,716
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/02/01	0	2,651	0	3,076	5,786	446	5,640	5,529	3,589
This Week Last Year	0	2,766	1,586	2,934	6,216	437	5,940	2,230	4,042
2001 YTD	0	68,109	0	68,389	175,755	9,934	144,157	106,957	98,144
2000 YTD	0	63,010	39,006	64,880	173,516	12,712	167,592	60,089	98,055
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

June 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/11/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
06/11/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
06/11/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
06/11/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
06/11/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
06/11/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
06/11/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
06/11/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
06/11/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
06/11/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

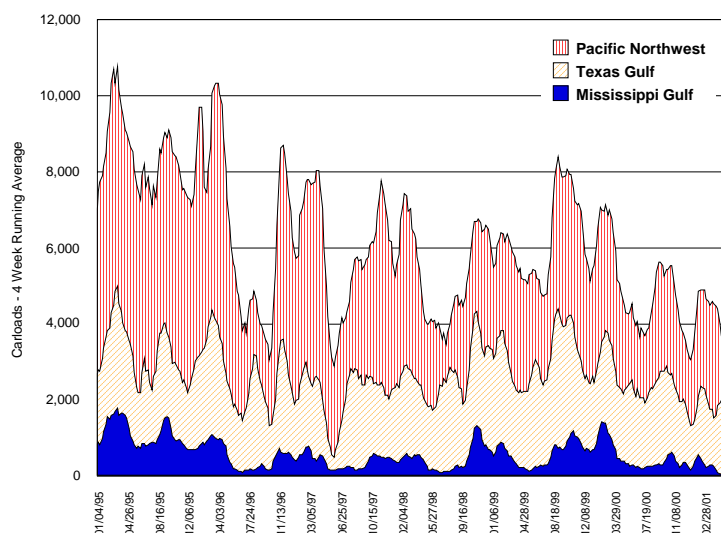
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port**Carloads**

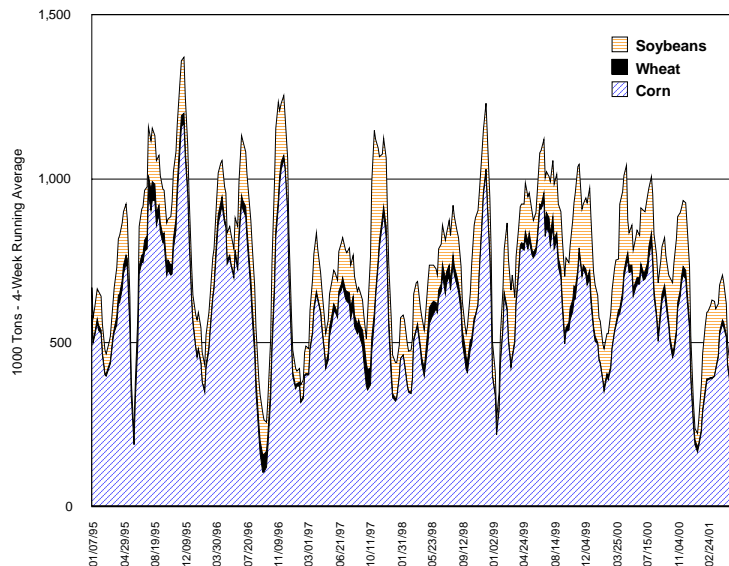
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
05/02/01	109*	1,503	1,293	28
05/09/01	110*	1,516	1,230	118
05/16/01	183*	1,211	1,103	196
05/23/01	78*	1,228	1,400	390
05/30/01	123*	1,088	530	5
06/06/01	8*	567	1,923	282
YTD 2001	5,095*	34,575	49,624	13,679
YTD 2000	16,661	48,304	65,186	7,364
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

(*) Incomplete Data

(**) Revised Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 6/2/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	159	2	46	207
Winfield, MO (L25)	242	9	118	371
Alton, IL (L26)	558	9	180	750
Granite City, IL (L27)	572	12	181	768
Illinois River (L8)	341	0	39	382
Ohio (L52)	49	5	19	103
Arkansas (L1)	0	6	0	6
2001 YTD	10,811	780	4,117	16,613
2000 YTD	13,192	791	3,824	18,599
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers; n/a—not available

U.S. Export Balances (1,000 Metric Tons)

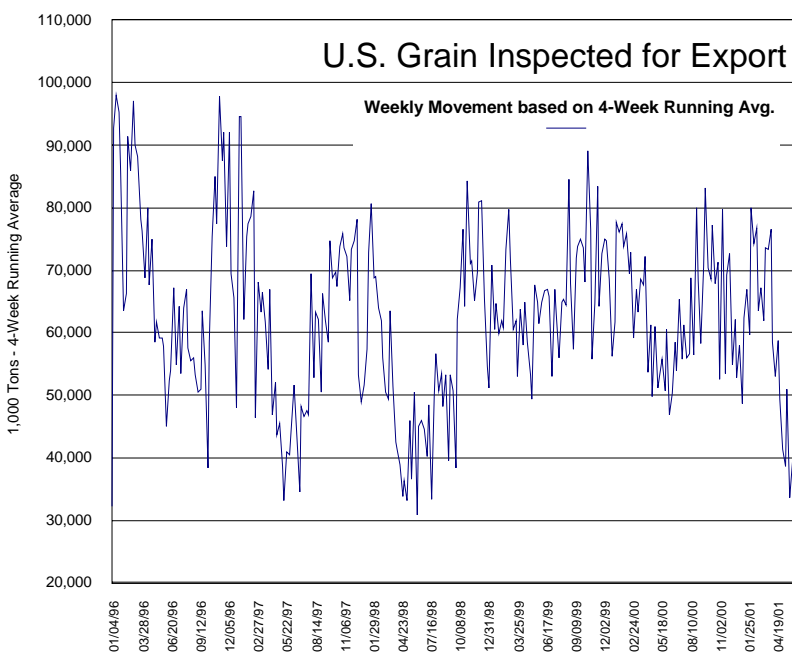
	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
05/31/01	1,366	658	1,238	609	348	4,219	6,805	2,423	13,447
This Week Year Ago	1,208	816	979	593	282	3,878	7,592	2,461	13,931
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	9,314	4,444	5,775	5,156	1,130	25,819	33,693	24,354	83,866
99/00 YTD	10,629	4,195	5,590	4,055	984	25,453	36,584	17,713	79,750
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

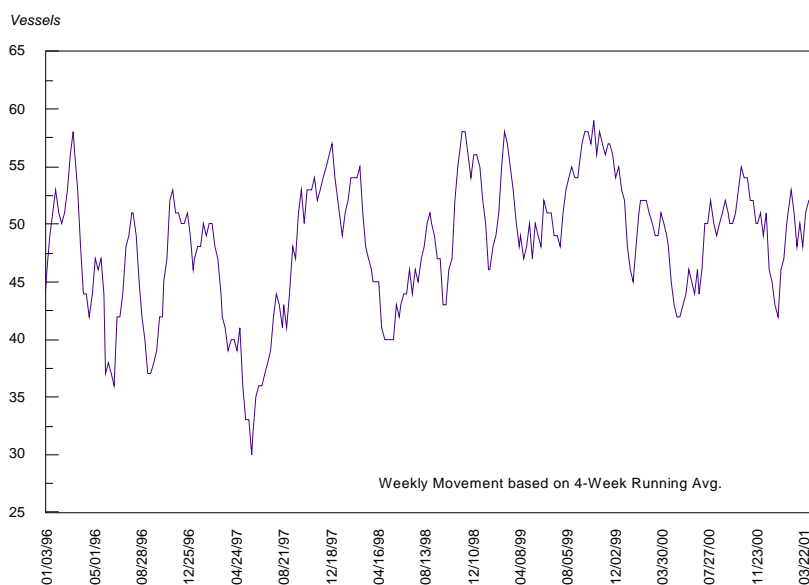
Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/07/01	158	70	8	130	478	105	85	0	0
2000 YTD	4,448	1,909	1,203	2,368	13,510	7,756	2,367	164	780
1999 YTD *	4,169	3,293	689	2,684	14,587	8,165	2,782	169	772
% of Last Year	41%	44%	185%	47%	43%	52%	33%	29%	56%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 5/31/01			
Vancouver	4,891	448	1,126
Prince Rupert	1,971		0
Prairie Direct	1,050	296	427
Thunder Bay	672	229	75
St. Lawrence	2,150	1,847	27
2000 YTD Exports	10,734	2,820	1,655
1999 YTD Exports	11,934	2,795	1,458
% of Last Year	90%	101%	114%



**Gulf Region
Vessels Loaded
- Past 7 Days-**

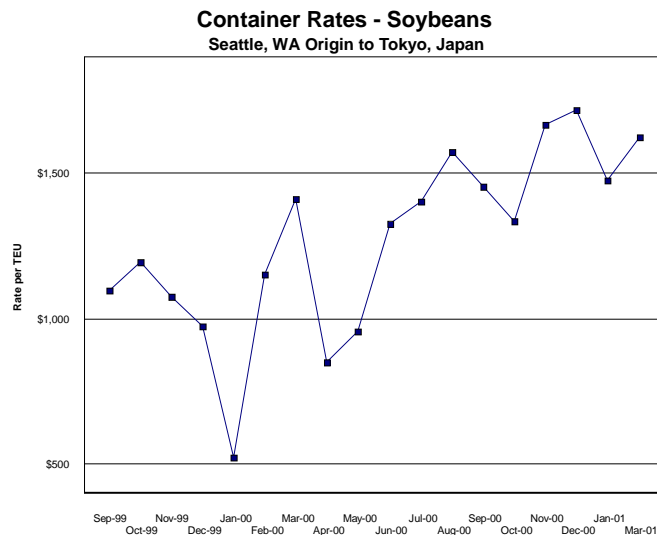
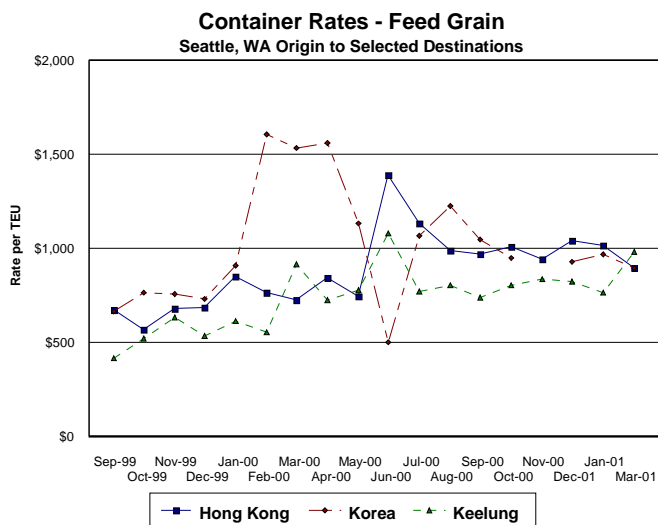
Port Region Ocean Grain Vessels **

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
04/26/01	18	40	46	8			16	9	0
05/03/01	25	42	46	8			16	8	3
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA ** Will be updated next week

Container Ocean Freight Rates

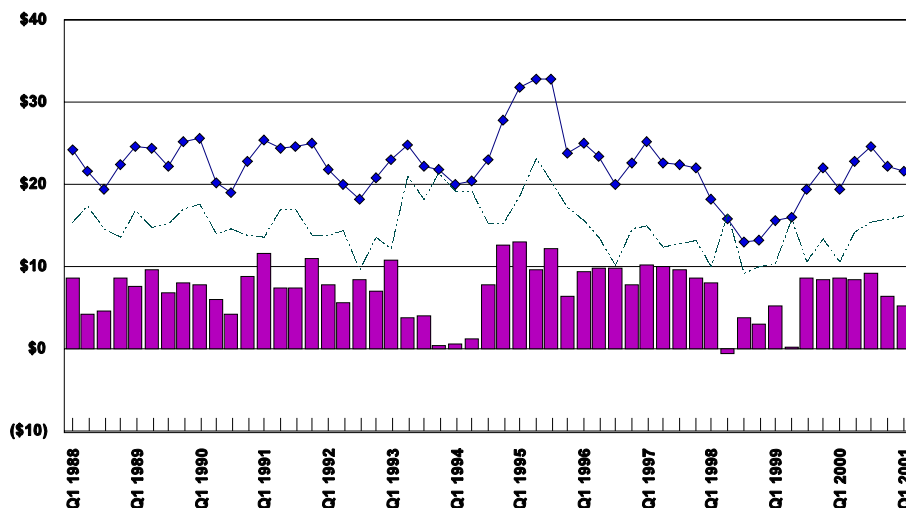
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

- ◆ Rate - Gulf to Japan
- Rate - PNW to Japan
- Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 1 st Qtr	2000 1 st Qtr	% Change		2001 1 st Qtr	2000 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$21.70	\$21.15	3%	Japan	\$16.36	\$19.93	-18%
Mexico		\$14.39		Red Sea/ Arabian Sea		\$21.38	
Venezuela	\$13.53	\$11.29	20%				
N. Europe	\$15.19	\$14.25	7%	Argentina to			
N. Africa	\$26.25	\$18.40	43%	N. Europe	\$16.47	\$17.67	-7%
				Japan	\$30.51	\$27.23	12%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 6/9/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Mexico (EC)	Heavy Grain	June 10/20	15,000	\$12.00
Gulf	United Kingdom	Grains	June 10/20	30,000	\$17.00
Gulf	Tunisia	Corn/Meals	Prompt	25,000	\$20.50
Gulf	Japan	Heavy Grain	June 10/20	54,000	\$23.25
Hamburg	Algeria	Wheat	Prompt	25,000	\$15.25

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated;
op=option